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Agenda item 136
Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/60/437) on the updated financial position as at 30 June 2005 of the 19 closed missions listed in paragraph 1 of that report. Financial regulations 5.3 and 5.5 require that remaining balances of appropriations be surrendered.

2. The Advisory Committee recalls that the General Assembly, in its resolution 57/323, as an exception to financial regulations 5.3 and 5.5, requested the Secretary-General to return 50 per cent of the net cash available for credit to Member States as at 30 June 2002, in the amount of $84,446,000, by 30 June 2003, and decided to postpone the return of the remaining 50 per cent until March 2004 in respect of the fund balances of the United Nations peacekeeping operations listed in paragraph 2 of the Secretary-General's report A/58/778. In its resolution 58/288, the Assembly subsequently decided to postpone the return of the amount of $84,446,000 until 30 June 2004.

3. In his subsequent report on the financial position of closed peacekeeping operations as at 30 June 2004 (A/59/752), the Secretary-General proposed that the cash balance of $92,898,000 available in 11 missions be retained. The Advisory Committee recommended acceptance of the Secretary-General's proposal (see A/59/790, para. 8). The General Assembly, by its decision 59/563, decided to revert to the issue of the updated financial position of closed peacekeeping missions in the main part of its sixtieth session. No further decision on the issue has been taken since then.

4. As indicated in table 1 of the report of the Secretary-General (A/60/437), the net cash available for credit to Member States as at 30 June 2005 amounted to $126,304,000, exclusive of the amount of $43,750,000 that has not yet been credited to Member States. Table 2 of the report provides the breakdown of the net cash balance of $126,304,000 by peacekeeping mission.

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5. As indicated in paragraph 4 of the report of the Secretary-General, the net cash balance of $126,304,000 is net of loans totalling $41.8 million owed by four peacekeeping missions ($20 million by the United Nations Interim Administration Mission in Kosovo, $9 million by the United Nations Mission for the Referendum in Western Sahara, $9.4 million by the United Nations Civilian Police Mission in Haiti and $3.4 million by the United Nations Mission in the Central African Republic), which remained unpaid as at 30 June 2005.

6. The Advisory Committee notes from paragraph 5 of the report of the Secretary-General that 6 of the 19 peacekeeping missions covered in the report had cash deficits totalling some $90.6 million as at 30 June 2005 owing to outstanding payments of assessed contributions. The Committee recalls that as at 30 June 2004, there were seven missions with cash deficits totalling some $93.2 million due to outstanding payments of assessed contributions. The following table was provided to the Advisory Committee upon its request:

Cash deficits of closed peacekeeping missions

(Thousands of United States dollars)

Mission	*Operating deficit as at 30 June 2004*	*Operating deficit as at 30 June 2005*	*Net reduction*	*Primary reason for reduction*
MINUGUA	131	129	2	Payment of assessed contributions
ONUMOZ	1 170	870	300	Payment of assessed contributions
UNOSOM	18 068	17 357	711	Payment of assessed contributions
MIPONUH	7 888	7 599	289	Savings on or cancellation of prior-period obligations
UNTAC	41 497	40 836	661	Payment of assessed contributions
MINURCA	24 395	23 853	542	Savings on or cancellation of prior-period obligations
UNTAG	13	—	13	Repayment of loan from MINURSO
Total	**93 162**	**90 644**	**2 518**	

7. As indicated in paragraph 8 of the Secretary-General's report, as a result of the high level of outstanding assessments in the special accounts of some ongoing missions, there is a continuing need to borrow from closed missions; in addition, temporary cash shortfalls in the regular budget and Tribunals are met by borrowing from closed missions. The Advisory Committee notes that during fiscal year 2005, loans to active peacekeeping operations and for the regular budget peaked at $109.5 million. The Committee was also informed that during the period from 1 July 2004 to 30 June 2005, loans from closed missions were made to active peacekeeping operations ($125.5 million), the General Fund ($90 million) and the Tribunals ($13.5 million).

8. With regard to the period beyond 30 June 2005, the Secretariat prepared the table below, which contains information on loans from closed to active missions and Tribunals for the period from June 2005 to February 2006:

Loans from closed to active missions and Tribunals

(Millions of United States dollars)

	June 2005 balance	*July 2005*	*August 2005*	*September 2005*	*October 2005*	*November 2005*	*December 2005*	*January 2006*	*February 2006 balance*
UNMIK	20	16	10	(46)	—	—	—	20	20
MONUC	—	—	—	—	—	—	—	25	25
UNOMIG	—	—	—	6	—	—	5	—	11
MINURSO	9	—	—	—	5	—	—	—	14
Subtotal	**29**	**16**	**10**	**(40)**	**5**	**—**	**5**	**45**	**70**
ICTR	—	—	—	—	—	—	15	15	30
Total	**29**	**45**	**55**	**15**	**20**	**20**	**40**	**100**	**100**

9. The Advisory Committee was informed that at the time the Secretary-General's report was prepared, it was anticipated that the United Nations Organization Mission in the Democratic Republic of the Congo and the United Nations Mission in the Sudan would account for most of the borrowing from closed missions, in view of the timing of decisions by the General Assembly on the financing of those two missions and the consequential timing of the receipt of new assessed contributions. However, the Committee was also informed that it is now foreseen that the projected borrowing through the end of February 2006 would total $100 million (see paragraph 8 above); moreover, the situation with regard to the regular budget and the Tribunals is much more uncertain than at the time of the preparation of the Secretary-General's report, i.e., in October 2005; if there is a serious delay in the anticipated payments in 2005, it may be necessary to borrow as much as $75 million for the regular budget by 31 December 2005.

10. Upon request, the Secretariat provided the Advisory Committee with information on projected cash flow under the regular budget for the period from October 2005 to February 2006 as follows:

Regular budget cash-flow projection

(Millions of United States dollars)

	September 2005	*October 2005*	*November 2005*	*December 2005*	*January 2006*	*February 2006*
Receipts						
Contributions		25	8	373	389	275
Miscellaneous income		2	2	2	2	2
Disbursements		126	185	163	150	150
Cash available	356	257	82	294	535	662

11. The Committee sought information on the status of the Peacekeeping Reserve Fund and was informed that the cash available in the Fund amounted to $140 million as at 31 October 2005.

12. **The Advisory Committee has previously stated its concern about the issue of unpaid assessments, which have an adverse impact on the Organization's ability to meet its financial obligations. This issue of non-payment and/or late payment of assessments by Member States is a long-standing one; the only real solution is that assessed contributions be paid in full and on time.**

13. **The Advisory Committee is of the view that the postponement of the return of "available cash" to Member States is a policy decision to be determined by the General Assembly. In this connection, the Committee draws attention to paragraph 12 of its report on the Peacekeeping Reserve Fund (A/58/732), in which it pointed out that cash from closed missions appeared to be the only source that could be used for temporary cross-borrowing when the International Tribunals or active peacekeeping operations ran out of cash. Cash from closed missions is also a source of funding for new or expanded missions, in addition to the Peacekeeping Reserve Fund. Borrowing from active missions is not permitted under General Assembly resolutions (see, for example resolution 57/335, para. 23), and the use of the Peacekeeping Reserve Fund is restricted to purposes set out in Assembly resolution 49/233 A. The General Assembly may wish to take the Committee's observations into account in reaching its decision.**